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CLASSIFICATION SECRET CENTRAL INTELLIGENCE AGENCY !NFORMATION REPORT **COUNTRY** USSR/Hungary DATE DISTR. 4 Apr 1953 Trans-Siberian Railroad/Hungarian Reparations in Railroad Equipment to SUBJECT NO. OF PAGES 2 PLACE ACQUIRED NO. OF ENCLS. DATE ACQUIRED SUPPLEMENT TO REPORT NO. DATE OF IN THIS IS UNEVALUATED INFORMATION 25X1 1. 3. 25x1 of the railroad rails and locomotives manufactured in Hungary are being sent to the USSR as reparations. In 1949 the Soviet Union informed Hungary that the amount of reparations was to be cut in half. However, in return, if the specified amount, according to specified terms, was not fulfilled, a penalty of five per cent per mouth would be imposed. This penalty clause has resulted in making it impossible 25X1 CLASSIFICATION SECRET DISTRIBUTION

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ever to fulfill Soviet reparation claims. Hungary tries to meet her monthly norm of rails but the Soviet experts return approximately 40% of the rails as not of good quality. Hungary must then pay five percent a month on the unfulfilled quota until the contract is fulfilled. The result is that almost the whole output of rails in Hungary goes as reparations to the USSR. Hungarian factories, especially aluminum factories which need rails desperately, cannot get them for not enough is produced to satisfy Soviet demands for reparations and domestic demand.

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